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Entrepreneurship in the Public Sector: The Horns of a Dilemma

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Abstract

What are local public administrators expected to do in an era of tax-based decline, diminishing state and federal support, and intensified public demand for more and better services? Felice Perlmutter and Ram Cnaan argue that a policy of fundraising and development is one solution to this dilemma. The authors acknowledge that private support for public services is not a new idea or practice; however, an institutionalized policy of capital campaign and donation seeking from private sources on an ongoing basis to fund traditional public services is the essence of this new policy. Perlmutter and Cnaan provide us with a case study of the Department of Recreation in the city of Philadelphia which, through the proactive leadership of a new commissioner, took on the mission of establishing a development unit and annual fund campaign. The authors describe the background of the new policy, its formulation, and implementation. This policy, however, is not without its risks, and Perlmutter and Cnaan detail some of these risks as a precaution for those wishing to hastily adopt the new policy.

Comments

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Entrepreneurship in the Public Sector: The Horns of a Dilemma

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What are local public administrators expected to do in an era of tax base decline, diminishing state and federal support, and intensified public demand for more and better services? Felice Perlmutter and Ram Cnaan argue that a policy of fund raising and development is one solution to this dilemma. The authors acknowledge that private support for public services is not a new idea or practice; however, an institutionalized policy of capital campaign and donation seeking from private sources on an ongoing basis to fund traditional public services is the essence of this new policy. Perlmutter and Cnaan provide us with a case study of the Department of Recreation in the city of Philadelphia which, through the proactive leadership of a new commissioner, took on the mission of establishing a development unit and annual fund campaign. The authors describe the background of the new policy, its formulation, and implementation. This policy, however, is not without risks, and Perlmutter and Cnaan detail some of these risks as a precaution for those wishing to hastily adopt the new policy.

Private support for public services is not new. Even in ancient Greece and Rome, rich citizens were obliged to underwrite the cost of public activities, albeit primarily festivities. In the American context, private contributions for public purposes have, historically, been limited and primarily of two types. First, are the bequests or special gifts such as art collections, parks, or Andrew Carnegie's support of public libraries; second, are the special ad-hoc contributions for public events such as the 4th of July fireworks.

We are currently witnessing a dramatically new phenomenon: the reliance of municipalities on non-tax dollars to support ongoing public services. This is a critical shift, no longer an occasional or ad-hoc occurrence. Furthermore, a distinction must be made between the earlier gifts, which depended on the initiative of the donors, and supported programs of their particular choice and preference and the current policy. What is now evolving is a deliberate public policy designed to counter budget cuts and to enhance public services through organized fund-raising approaches. And the onus is on the public administrator to assume an entrepreneurial posture, one traditionally associated with leadership in the profit-making sector (Peters & Waterman, 1982).

Proactive administrators reverse a trend of contracting and government load-shedding. Prior to the contracting era, governments both raised money (through taxation) and provided services. Contracting is characterized by the separation of raising money (by government) and service delivery (by private organizations) (James, 1989; Kramer, 1992; Salamon, 1987; Weisbrod, 1977). From the government's perspective, these grants and contracts, federal, state or local, allowed the government to retain its responsibility for service delivery while shifting the provision of these services to nonprofit organizations (Cnaan, 1993; Lipsky & Smith, 1989). This phenomenon was identified by Bendick (1989) as government load-shedding, a process whereby the role of government in the provision of services was reduced. The new trend of public fund-raising runs counter to contracting. The new policy is characterized by fund raising (not tax dollars) to finance public service provision. Thus we also note a new balance in the field of public-private relationships.

This article presents a case study of effective entrepreneurial leadership in a city agency which successfully expanded its services on the basis of contributions obtained, in cash and kind, from private donors.

The article has two objectives. First, a case study presents a description of effective entrepreneurial leadership in the public sector: when faced with political and fiscal pressures, this executive thoughtfully and effectively developed a philosophy and designed a strategy for new public-private relationships. Second, we examine the public policy issues associated with the phenomenon of entrepreneurship as it highlights some dilemmas in the blurring of boundaries between public and private agencies, as the costs of this approach also merit careful consideration (Bellone & Goerl, 1992).

We hope that this article will further the public policy debate concerning the responsibility for the financing and provision of public goods and services. This is especially critical at a time when former socialist nations are looking to our country for models as they struggle to redesign and restructure their public service sector (Perlmutter & Reiner, 1991).

Context

As a backdrop to the case study, it is necessary to highlight two distinctive contexts: federal and local. In the last decade, there has been a dramatic shift at the federal level from contracting for an array of services from nonprofit organizations (Ascoli, 1992; Billis & Harris, 1992; Grossman, 1992; Perlmutter, 1969; Saidel, 1989) to an emphasis on "government load-shedding," a process that reduces the role of the government in the provision of services (Bendick, 1989; Cnaan, 1993). The consequences on the local level of the shifts in the federal level must be examined, for it is precisely this shift which has led to a view of the public administrator as entrepreneur (Lewis, 1984), risk taker, and innovator (Palumbo, Musheno, & Maynard-Moody, 1986).

Our case study has its locus at the local level in a large urban center, the Department of Recreation in the city of Philadelphia. The leadership and philosophy of the mayor, Edward Rendell, epitomized the new trust in public leadership, that is, privatization and entrepreneurship.

When the mayor was elected in 1991, Philadelphia was in a state of bankruptcy. Rendell campaigned on a platform of fiscal responsibility, coupled with a philosophy of privatization. Because of the increased cost of services, public demand for additional services, reduced state and federal aid, and a declining tax base, the city faced a lower bond rating and was also unable to meet its financial obligations. Consequently, privatization became a key strategy as the administration indeed attempted to engage in load shedding. This engendered much controversy, particularly in the Departments of Human Services and Sanitation where most of the contracting-out strategies were to be implemented.

The Department of Recreation, the subject of our case study, was under a different set of constraints as not only were many programs dramatically cut and the season shortened for tennis, swimming, ice-skating, or basketball, but also the maintenance of the department's physical plants was endangered. In this situation, privatization was to be achieved not through contracting out for services, but rather in the quest for private money to allow for the continuation of traditional programs offered by the

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department and the improvement of its facilities. The department was already suffering from cutbacks in services and programs when Mayor Rendell was elected; thus, the 1993 budget allocation of \$40,020,899, compared to the 1991 allocation of \$39,251,062, did not keep up with the cost of inflation for the two-year period. Furthermore, whereas the number of people employed by the department in 1992 was 546, it was projected that in 1994 the number of employees would be reduced to 501.

The new commissioner of recreation appointed by Mayor Rendell, Michael DiBerardinis, was a Philadelphian who had worked for many years as a community organizer, and later as a congressional aide; he was known to be energetic, innovative, and a person with a vision. His vision for the department was comparable with the values and vision of the mayor. Commissioner DiBerardinis assumed office, committed to the provision of a full recreation agenda: for him the challenge was to reinstate past programs and to expand them; he was not interested in merely preventing further erosion. He coupled this with a commitment to Philadelphia and to the local neighborhoods, using this commitment as the basis for his strategy for developing new public-private partnerships.

Methods

Our research was stimulated by an article in the *Philadelphia Inquirer* (Copeland, 1993) entitled "Private Money for the Public Good: Donors Lend a Hand to a City Department." This article reported that the Drumcliff Foundation planned to give the Department of Recreation in Philadelphia a donation in an amount between \$25,000 and 50,000. In addition, the article noted this department had drawn \$500,000 from various other donors.

Commissioner Michael DiBerardinis was receptive to a study of the department's development work, with a focus on his philosophy and strategy. A series of interviews were held with the commissioner, with Ms. Carol B. Rice, deputy commissioner for Planning and Development, and Mr. Edward Fagan, who serves as Funding and Resource Development Officer for the department. In addition to these in-depth interviews, data were obtained from participant observation of department meetings and from agency documents and budgets.

Beginnings and Philosophy

When Mr. DiBerardinis took office, he found that the department had completed a strategic planning process with a private consultant. The final plan was limited in scope; it focused on financial issues within the allocated budget and the physical plants owned by the department. Its major finding, and recommendation, was that the department owned too many properties

The *new vision for the department was predicated on the philosophy of a partnership between the city, local neighborhood residents, and businesses in the community.*

with too few resources to properly maintain them. Clearly this plan was counter to the vision and philosophy of the new commissioner that included reopening all swimming pools for the full duration of the summer, activating summer sports programs of baseball and basketball as well as winter ice-hockey programs, and reopening the many recreation centers around the city. Of critical importance was DiBerardinis' emphasis on the direct involvement of local residents and businesses in these centers; any donor activity would not be an abstract fiscal transaction, but a community investment.

Commissioner DiBerardinis instituted a new strategic planning process with a broadened mandate. A first priority was the development of a mission statement which would serve as the basis for any further planning; the charge was also to explore specific means with which to achieve department goals.

The new vision for the department was predicated on the philosophy of a partnership between the city, local neighborhood residents, and businesses in the community. The concept of a partnership required full cooperation and involvement of all the parties in both planning and implementation. It is important to emphasize that the involvement of business, according to this philosophy, was not merely to provide money. As Mr. DiBerardinis noted, "I was predisposed to bring the private sector into the execution of public policies." Thus, all three partners were major players from the outset, not just to be used in a partial or opportunistic manner.

While the commissioner realized he needed to identify new sources of revenues, his strategy required a match of interest and commitment between the donor and the donee. Accordingly, local businesses would be approached for their support of specific programs in the local community in which they had a stake. These businesses would thus be offered a sense of civic responsibility, a chance to impact the life of people in the community, and also to obtain positive publicity for their enterprise. The recognition of a *quid-pro-quo* was both realistic and effective.

The Implementation Strategy

The implementation strategy developed by the commissioner consisted of several components: (1) the formation of a development unit, (2) the initiation of a process of broad departmental involvement in the development effort, (3) the design of a fiscal management approach, and (4) the development of a long-term proactive process in addition to a short-term reactive one.

The first strategy, a structural one, was designed to form a unit dedicated to development, stimulated by earlier organizational shifts. Prior to DiBerardinis' appointment to office in 1989, the Community Care for Elderly Citizens unit was transferred to the Department of Recreation. The head of that unit, Edward J.

Fagan, Jr., was told that the Department of Recreation could cover salaries but any other money would have to be generated from outside. Mr. Fagan rose to the challenge and learned the craft of fund-raising in order to support his unit. When the commissioner articulated his philosophy and his vision of a new partnership between the public and private sectors, within the context of community development, Mr. Fagan volunteered to head this effort for the department as a whole. In April 1992, a unit was established with Mr. Fagan as the Funding and Resource Development Officer for the department.

Second, the department established a new process in which all staff members were actively involved in the development strategy. Thus, staff members were encouraged to identify and contact potential donors in order to maximize the advantage of personal contacts. However, once a contact was made and some interest on the part of the potential donor evidenced, a more formalized approach was pursued. The information was forwarded to the Funding and Resource Development Officer who would do the follow-up in order to maximize the potential relationship with the donor. This follow-up involved the presentation of various opportunities for personal as well as financial involvement in the community.

A third important strategy in the implementation process concerned the management of financial contributions because many contributors were concerned that their money should not flow to the general treasury to be used to finance routine city activities, as opposed to their designated preferences. A clear-cut strategy was implemented to accommodate this concern.

A local nonprofit organization, Urban Affairs Coalition, was invited to administer the donations. Thus it was clear that the money, earmarked for specific programs, would not become part of the general city budget. The nonprofit organization would guarantee that donations would only be used for the program designated by the donating party. Furthermore, the donating parties could write checks to a nonprofit organization, rather than to the city itself, and would receive charitable tax deductions. It should be noted that the Urban Affairs Coalition is a registered neighborhood corporation, and as such, received the higher tax deductions granted to these entities.

The final strategy emphasized a proactive stance with long-term consequences: a new outreach to foundations. In recognition of the monetary potential of foundations, the department is currently putting energy in this direction. Thus, it is submitting proposals to national, local, and state-based foundations. These proposals are important indications of the shift from a short-term reactive to a long-term proactive mode.

The Nature of the Gift

To obtain a fuller understanding of the strategy, it is instructive to have information concerning the actual nature of the gifts and the donors involved. Two aspects must be noted: first, whether the contribution is *cash* or *in-kind*; second, whether it is *one-time only* or *ongoing*. Both elements are important as one designs a strategy for fund-raising by public agencies. It is of interest to note that the cash gifts tend to be viewed as ongoing in

contrast to the one-time only nature of the in-kind contributions. It is also important to note that several approaches have been developed in order to obtain cash. These include the direct support of specific programs, selling advertisements, and charging fees for service. Although most of these approaches are not new, their combined effect and their long-term intention make them a new trend in public administration.

The financial impact of the strategy of seeking private support must be highlighted at the outset. In a one-year period, the various contributions totaled approximately \$634,650, representing about 1.59 percent of the department's budget for 1993. Given that this is the result of a first year effort, these numbers are most impressive. The following discussion describes the methods used in obtaining these contributions.

In relation to the first approach, the direct support of specific programs, cash donations are all earmarked for special programs that are at risk of being eliminated or drastically curtailed (see Table 1). The strategy of earmarking the cash contribution serves the function of helping to develop the commitment of the donor to a specific service. Most of the current donors are businesses active in the Philadelphia area. The decision to target businesses was not planned but rather evolved as a result of the department's need to obtain funds quickly. Businesses make quick decisions and can forward funds within a few days.

The second approach to raising cash is related to the department's realization that not all businesses are interested in the partnership concept. The more removed a business is from a specific neighborhood geographical location, the less interested the business is in a particular community. Yet, most businesses are interested in their public image and spend large sums on advertising. Consequently, in 1993/94, the department approached a selected group of businesses and offered them the opportunity to purchase an advertisement in an ice rink where the city league is held. The revenues from the advertisements enabled the department to expand the ice skating season from 9 to 13 weeks and to improve the quality of rink maintenance.

The commissioner's ability to implement his policy, and philosophy, is illustrated in this process. Not only did the department sell advertisements, and raise \$25,000 (five times \$5,000), but it also challenged the local recreation centers to sell smaller size advertisements and raise \$4,000 per center to pay for programs that local residents wanted but the city was unable to finance. This approach again emphasizes the philosophy of partnership.

The third method of raising additional funds for achieving the goals of the department was through fees for service. In the past, all revenues went into the city's general fund. The commissioner had persuaded the mayor to deviate from this traditional approach. Thus, in some programs, such as ice rinks, participants were asked to pay a minimal entry fee. The department reached an agreement with the city which allowed it to raise the entrance fee and to keep two-thirds of the additional revenues. Thus, of every additional dollar raised, the department keeps 66.7 cents for its special programs. Money raised through this method was earmarked to extend programs (such as operating ice rinks for 109 days rather than 77) and establishing a reserve maintenance fund (of \$20,000 to \$25,000) for facilities use.

In addition to cash contributions, "in kind" contributions play an important role in the resource strategy (Table 2). The variety of the in-kind contributions is interesting as it shows its importance in a most tangible manner. For example, Gerrard Roofing Technology provided the materials and work for a new roof for a dilapidated community center building, work estimated at \$30,000; Asplendh, a tree-cutting company, made its trucks equipped with high ladders available to the department to fix the lights in all the open baseball and basketball courts, estimated at \$6,000; finally, the *Daily News*, a local newspaper, provided ongoing publicity for the department's annual fund-raising run and its pool campaign, estimated at \$57,500. Thus, the department saved money and reduced the number of repairs that were needed.

An example of one of the most effective approaches developed by Mr. DiBerardinis is the "Pull for Pools." When the commissioner assumed office, many of the neighborhood pools had been closed, and others had a very curtailed summer season. Conse-

Table 1
Sources and Characteristics of Cash Support for Special Programs of the Department of Parks and Recreation

Funding Organization	Supported Activity	Actual Support	Initiator
Health Partners of Philadelphia	Shooting for the Stars	\$2,000	Deputy Commissioner
	Pull for Pools	2,000 T-shirts + \$5,000	Deputy Commissioner
Union League	Youth summer programs	\$25,000	Commissioner
Emergency Aid of Phil.	Latch-key programs	\$10,000	Mayor's wife
White Dog Cafe and Phil.			
Citizens for Children and Youth	Swings for rec. centers	\$9,600	Development officer
CoreStates Bank	Shooting for the Stars	\$25,000	Commissioner
Coca-Cola	Basketball League	\$5,000	Development officer
Philadelphia 76ers	Basketball League	\$5,000	Commissioner
The Future Leaders for a Better Philadelphia	Penn Rose playground	\$1,600	Commissioner
	Philadelphia Swimming Project	\$2,500	Commissioner
Hatfield Meats	General recreation activities	\$5,000	Mayor
Korean deli owners	Basketball League	\$9,600+reception	Development officer
Modell's Sporting Goods	Baseball field renovation	\$10,000	Development officer
Unity Day	Festival for African Americans	\$5,000	Commissioner
ComCast	Ice rink	\$3,000	Development officer
Glad bags	Clean-ups	Rebates for bags (\$5,000)	Phila Pride
Cardone Industries	General recreation	\$2,500	Self-initiated
Caroline Buck Foundation	General recreation	\$5,000	Mayor
Martz Lines (Logo)	Prize for logo competition	\$500	Commissioner
Urban Affairs Coalition	Local advisory councils	\$47,350	Commissioner
	Neighborhood Basketball League	\$3,500	Commissioner

quently the Pull for Pools program focused on raising money to clean and prepare all of the swimming pools for an extended summer season, with a full staffing of lifeguards. An invitational breakfast to potential donors set the tone as the president and CEO of First Fidelity Bank hosted the event; Mayor Rendell and a city councilman participated in the program. The philosophy espoused by all the speakers centered on "a passion for Philadelphia," that living in the city was "more than a bottom line," "that swimming is a vehicle for giving children self esteem." Not only did the speakers link their comments to the department's mission, but the mayor focused on the importance of a public-private partnership. He saw the contributions as bridge loans until the city could stand on its own feet.

Many contributors were involved in the Pull for Pools program including banks, athletic teams (Phillies and Eagles), and corporations (e.g., Coca-Cola) (Table 3). It should be noted that The Philadelphia Water Department, a governmental unit, contributed services because of its interest in having pools open (if the pools are closed in the hot weather, the children open the fire hydrants and much water is wasted).

What Do Donors Receive in Return?

It is difficult to assess the motivation of the key individuals in the various organizations that support the Department of Recreation.

Several interpretations can be offered. Self-interest plays a critical role in much voluntary activity. This plays out in several ways. First, good publicity is given to these donations and, thus, free advertising and good will are benefits to the donor. The company that donated the roof to a community center required, in return, a ceremonial opening with the mayor present and newspaper coverage as it wanted to show off its advanced technology. The company asked, further, that the facility be made available to them for viewing by prospective clients. Other donors wanted their names printed on fliers, posters, or the fields where events took place. In fact, some companies did not want to contribute to a joint project, such as the basketball league, and asked instead for an individual project which they could then use as an advertising tool.

Second, this activity makes possible close contacts with the city and mayor since the mayor and his wife have both shown great interest in its success. Thus, making a contribution to the department and participating in fund-raising events provides access to influential figures in City Hall and symbolically provides a diploma of good citizenship to be held for future use.

Third, in regard to community concern, the future of the city is linked with the mission and future of the contributing organizations. The logic underlying this is that a peaceful city, with satisfied residents, is good for the organization; the requested sup-

Table 2
Sources and Characteristics of In-kind Support for Special Programs of the Department of Parks and Recreation

Funding Organization	Supported Activity	Actual Support	Estimated Value (\$)	Initiators
<i>Daily News</i>	Broad Street Run	Technical support	50,000	Old tradition
Zanzibar club	Carousel House	Charity dinner	Unclear	Development officer
Northeastern Hospital	Local facility support	Programs and supply materials	Unclear	Development officer
Greater Atlantic	Elderly support	Picnic for the elderly	5,000	Development officer
Health Services	Intergenerational party	Food, prizes, etc.	5,000	Development officer
Gerrard Roofing Tech.	Recreation facility	Fixed roof of center	30,000	Self-initiated
Philadelphia Phillies	Rookie baseball league	14 pitching machines	Unclear	Development officer
Asplendh	Recreation centers	Trucks to install lights in parks	6,000	Through the local electric company
White Dog Cafe and Phila Citizens for Children and Youth	Provided swings for recreation centers	A reception for all participants	1,500	Development officer
Modell's Sporting Goods	Shooting for the Stars	Tote bags, bottles, and baseball tickets	5,000	Development officer
Modell's Sporting Goods	Adopting 18 local centers (around each of Modell's stores)	Sporting goods	9,000	Development officer
Philadelphia 76ers	Basketball tickets and hospitality	1,200 tickets for preseason and stadium hospitality	10,000	Development officer
Philadelphia 76ers	Basketball clinics	An ex-player came to 10 sites to teach the game and equipment	Unclear	Commissioner
Representative O'Donnell and Councilman Kenney	General recreation	St. Patrick's-day party	10,000	Mayor
Wampler - Longacre Turkey	Kids' day in Penn's Landing	Provided hot dogs and entertainment	3,000	Self-initiative
Power 99 Radio	Assistance in clean-ups	On location entertainment for 6 clean-ups	9,000	Self-initiative
Glad bags	Clean-ups	Rebates for bags used in clean-ups	5,000	Philadelphia Pride
Graphic News Inc.	Support for a local community center	Art supplies and educational programs	1,500	Development officer
AMPRO Trophies	Sport	150 plaques	1,500	Development officer
AMPRO Sportswear	Sport	Production shirts	1,500	Development officer
Wade Communication	City youth swimming team	Travel and video equipment	9,600	Former administration
Gateway Communication	General recreation	Publicity	Unclear	Former administration
Textile College	Basketball	Dinner and admission to games	Unclear	Development officer
Urban Affairs Coalition	Administating donations	Book keeping	5,000	Commissioner

Table 3
Sources and Characteristics of Support for the Pull for Pools
Program of the Department of Parks and Recreation

Funding Organization	Actual Support	Initiators
<i>Daily News</i>	\$7,500	Commissioner
Health Partners of Philadelphia	\$2,000 T-shirts + \$5,000	Deputy Commissioner
American Airlines	8 Airline tickets	Development officer
Philadelphia Phillies	\$26,000, dinner, 40 tickets	Commissioner
Coca-Cola	\$25,000	Development officer
Philadelphia Water Dept.	\$5,000	Development officer
Philadelphia Electric Co.	\$5,000	Development officer
Connelly Containers	\$10,000	Development officer
Crown Cork and Seal	\$5,000	Development officer
1st Fidelity bank	\$5,000	Development officer
Mellon PSFS Bank	\$5,000	Development officer
AT&T	\$10,000	Development officer
Ocean Spray	\$10,000	Congressman Foglietta
Philadelphia Eagles	\$2,500	Development officer
Terry Mulholland	\$10,000	Development officer
PNC Bank	\$5,000	Development officer
Paramount Pictures	200 theater tickets	Development officer
Tasty Baking Co.	\$2,500	Development officer
Sun Oil	\$10,000	Development officer
Mercy Health Plan	\$5,000	Development officer
National Spa & Pool Institute	\$2,500	Development officer
Misericordia Hospital	\$5,000	Development officer
IBM	\$1,000	Development officer
Senator Vince Fumo*	\$40,000	Mayor

* (through legislative initiative grant)

port is not too much to pay. In one case, we were told that the organization decided to support the department to prevent "Los Angeles-like" riots. Some organizations were already involved in supporting other cultural and recreational activities and the call from the department matched their philosophy and practice. In addition, strengthening the city to prevent its future bankruptcy is viewed as a positive return for the investment. Thus, a small private investment can carry a certain program a long way. For example, the Phillies gave \$30,000, not a huge amount, and it enabled 15 leagues to be set up in neighborhoods, or the 76ers and Coca Cola gave \$20,000 for a basketball program that reached 2,500 kids. As such, donors see a clear and efficient return for their money.

Finally, it is worth noting that the phenomenon of "noblesse oblige," not usually associated with public sector activity, is likely to be given new meaning in this context. As the department expands its circle of contributors and the scope of their support, it seems likely that many organizations will find themselves expected to assist. Support for parks and recreation could be viewed as part of business responsibility to insure that the business is considered a respectable member of the local business community.

Institutionalizing the Change

The changes which took place in the City of Philadelphia Department of Recreation are very new. Further, they reflect the charismatic leadership of the commissioner. It was recognized that the emerging strategies should be institutionalized to guaran-

tee continuation. Specific actions have been taken in the attempt to ensure not only that private funds will continue to support public recreational services, but also that the partnership concept between businesses and residents will be retained.

First, the strategic plan, which was revised and approved in December 1993, clearly states that the philosophy and practice of partnerships and multiple sources of financing are key elements in the mission statement of the department. Thus, until further major review of the mission statement of the department, this change is an integral part of the department.

Second, a new powerful advisory committee was established to work with the commissioner. This Recreation Development Committee is composed of heavy hitters from various areas such as political parties, corporations, arts and culture, universities, sports, and the general community. This committee has three functions: (1) advocating for the department, (2) raising money for the department, and (3) providing feedback regarding plans and programs.

Third, there was a need for a broad inclusion of many players from the department. Since the executive staff consisted of long-time department employees whose commitment to the new efforts were necessary to bring about change, the top management personnel of the department, a group of about 40 senior managers, were engaged in long-term training. This training focused on the new philosophy and on working with multiple partners. The management group now shares goals and skills to look for new resources to enhance the formal budget.

Fourth, donors are not simply solicited but are matched with their interests. At the same time, the commitment to the department and its program was developed so that even if they would not be aggressively solicited, donors would still be interested in assisting. For example, the Phillies, a professional baseball corporation, was originally solicited to assist with "Pull for Pools" program; this involvement subsequently led to activity more directly related to baseball. The Phillies were asked to assist in maintaining a baseball league and purchased 14 pitching machines to enrich the local youth baseball league. The *quid-pro-quo* was that along with demonstrating good citizenship, the Phillies were also assuring increased present and future interest in the game.

Fifth, as noted above, in April 1992, Mr. Fagan was appointed Funding and Resource Development Officer and a new unit was established. In 1992-93, this new unit was a one-person outfit, but currently one assistant has been added to the unit and there are plans to add a second assistant. Thus, the unit is more robust and contains individuals who are trained in fund raising and are civil-service employees.

Finally, the department is now in the process of developing grant applications to foundations to fund programs for children. These applications are all long-term projects and, as such, will increase the span of commitment from one year to multi-year projects.

Meaningful *partnerships with local businesses and residents proved to be an efficient means to provide services.*

These various strategies, which enhance the department's functioning, reflect the philosophy of the current commissioner. But they also have long-term implications for those who will follow as this administration has built continuity into the process.

Analysis and Implications

This article has focused on the entrepreneurial strategies of the commissioner of a public department in a major urban center. The philosophy of public fund-raising which involved a meaningful partnership with local businesses and residents, proved to be an efficient means to provide services that otherwise would have been eliminated or drastically curtailed.

This case study, interestingly, runs counter to Bendick's notion of load shedding. Underpinning Philadelphia's approach is the assumption that government must provide certain public goods and, if the revenues from taxes are insufficient, it must find alternative sources of funding in order to meet its responsibility. Thus, it is not enough just to raise money and contract with the private sector; it must raise money to provide services. The new entrepreneurial approach is new not only in its use of private money to finance public services, but also in its scope and permanency. From an ad-hoc approach of the past, it shifted to a central position in contemporary public administration. It is our contention that the quest for private donations is the trend that will characterize many successful local governments in the years to come. As long as taxes cannot be significantly raised and services become more costly, entrepreneurial administration will be hailed as the way to go. Thus, the establishment of development units and the solicitation of long-term financial commitments are manifestations of a new trend in public administration, one which will most likely be central in the decade to come.

However, it is of the utmost importance to note that for successful implementation of such a strategy it is essential for the public unit to have a solid infrastructure with a strong public base of support, for it is this public infrastructure that serves as the basis for additional projects. All other resources, both volunteer and financial, must be viewed as supplementary as they make possible an effect that is greater than the sum of its parts. However this infrastructure is costly and must continue to be funded by tax money.

Thus, we wish to focus attention here on the public policy dilemmas which stem from this approach. While the approach may have achieved its goals, it also warrants a broader and more critical examination.

First, given the phenomenon of load shedding, and given the pattern of public sector withdrawal from service provision, is entrepreneurship an effective means of ensuring that public services are distributed to the citizenry in an equitable manner? The common approach for public services is to serve the needs of all including the needs of the poor and needy. However, if a donor

wishes to adopt a community center in an affluent neighborhood and give extra services to its residents, will the city accept this preferential treatment or will it encourage contributions to other less fortunate neighborhoods?

Second, and directly related to the first, the public provision of service has many assumptions. Of great importance are the issues of equity and due process. Will equity be lost if the entrepreneurial leader caters to donor preference? Will citizens lose due process, be able to complain about quality of service, accessibility, and/or discrimination if the source of the funding is private? Although some administrators will take full public responsibility for such projects, others may find it convenient to treat them as expendable and thus avoid due process and accountability.

Third, from the perspective of the donors, fund-raising may be viewed as a voluntary tax; from the perspective of the city, it displaces one source of income with the other. Yet, from a democratic perspective, it raises the issue of duplicity concerning the voters' expressed wishes. Although the voter said "no to increased taxes" and voted to curtail government growth and activity, entrepreneurial city officials, de-facto, were able to override voters' preferences. This may be viewed as paternalism and a breach in the democratic order of government. Bellone and Goerl (1992) highlighted the dangers of entrepreneurial activity in the public sector. They stated that "user fees, redevelopment agencies, off-budget enterprises, investment revenues, tax-increment financing, and development fees can be seen as measures to avoid voter approval and, thereby, increase the autonomy of public officials and public administrators" (131).

Fourth, if the strategy of obtaining private money to support the provision of public services is successful, what are the consequences for the nonprofit sector in a capitalist society that historically has depended on the nonprofit sector to provide many services? Given a limited pot of money and resources, will the support of public sector projects be at the expense of the nonprofit sector? While we are not assuming a zero-sum game in terms of contributions, when there are more players in the fund-raising arena, there will be a smaller share for each player even if the total sum will increase. A private philanthropy may have to choose between funding a basketball program run by the city or a summer sport camp run by a small nonprofit organization. Although both serve children in need, it may be more advantageous to the foundation or the individual donor (enhancing their charitable tax status) to help the city at the expense of the small nonprofit organization. In the long run, it can transform the nonprofit sector as small nonprofit organizations find themselves with less funds or out of operation, a danger already noted by small arts organizations in New York City.

Fifth, what are the implications across the various governmental programs? Specifically, because recreation and education are popular, it is relatively easy to raise money for them, in contrast to less popular programs such as sanitation, social services, or public housing. If public budgets are to be allocated without reference to money raised by departments, some less-attractive departments will be left behind. It is easy to imagine a public fund-raising operation where attractive but nonurgent services get

sold to sponsors while less attractive ones do not. Should we worry that skimming off the attractive services will create the image that governments are actually providing adequate services, when in reality essential services are not funded? If, however, fund-raising will be accounted for in the public budget then donors will not find it attractive to support the city as a whole.

Sixth, what are the limits as to who can contribute and is there a fine line that limits potential donors who could use the donations to put pressure on public officials? It is quite possible that bidders for city contracts, or those seeking favors in relation to licensing or zoning regulations, will attempt to gain preference by supporting community projects. Because of the informal nature of these projects, no strict guidelines exist to prevent abuse. Some local administrators may be guided by a short-term view, that is, determined by their potential longevity in office; thus, they may accept contributions from various special interest groups that will later cause tensions and unfair commitments. It is a sensitive issue to tell potential donors that because of their values or preferences, their contributions are unwanted. And yet different public administrators will draw different lines based on their immediate and urgent needs.

Seventh, what will happen if the external support, for whatever reason, ceases? What if the mayor alienates the donors and they refuse to contribute? In the case of this study, does it mean that the swimming pools and the ice rinks could be opened only for a short period of time? The guarantee of continuity is lacking

under this model. Money raised through taxation has the advantage of continuity even if it fluctuates. Thus, public services are characterized by their long-term commitment while most private contributions are short term and need be renegotiated annually. Furthermore, as discussed earlier, in-kind contributions tend not to be renewed. This highlights the reality that voluntary contributions are undependable in terms of on-going maintenance and add a volatile dimension to the public sector.

The quest for public entrepreneurial approaches will undoubtedly become of increasing importance as public revenues are diminished and public services are questioned. There is indeed a dilemma as committed public administrators seek to ensure the provision of services to their constituencies. There are no simple answers to the problems raised. It may be that entrepreneurial efforts in the public sector must be accompanied by citizen boards which are more than advisory in nature. The Philadelphia Department of Recreation, in attempting to institutionalize its initiatives, developed a powerful advisory committee to oversee revenues and partnerships. This may provide an interesting vehicle for control and serve as a model to test the protection needed to ensure equity and due process.



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